Law Foundation Saskatchewan

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REGINA, SASKATCHEWAN
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DEPARTMENT OF JUSTICE
NOV 24 1983
ADMIN. SERVICES

THE LAW FOUNDATION

REPORT OF THE LAW FOUNDATION OF SASKATCHEWAN TO THE HONORABLE THE ATTORNEY GENERAL OF SASKATCHEWAN PURSUANT TO SECTION 50 OF THE LEGAL PROFESSION ACT R.S.S. 1978 AND AMENDMENTS THERETO FOR THE FISCAL YEAR ENDING JUNE 30TH, 1983

I am pleased to file with you the attached Financial Statements of the Law Foundation for the fiscal year ending June 30th, 1983 as audited by Deloitte, Haskins & Sells, Chartered Accountants, being the firm appointed for that purpose by the Benchers of the Law Society of Saskatchewan pursuant to Section 47(7) of the Legal Profession Act and also to report on behalf of the Board of the Law Foundation on the activities of the Foundation for the year.

In our report to you of June 30th, 1981, we mentioned the setting up of a Reserve Account as a cushion should we experience a sharp reduction in income due to a decline in interest rates or reduced economic activity. The Reserve Account presently stands at $890,000. You will note from the financial statements that our foresight was justified in that the gross income has fallen off by 38% (1983 - $950,000; 1982 - $1,539,000) and although we did end the year with a small Unallocated revenue balance of $8,542 we anticipate drawing from the Reserve Account commencing this year and into the future. Our

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concern over this reduction and its effect on our future operations called for a Special meeting of the Foundation in September 1983. The message from the meeting was that all Law Foundations are having the same experience. As a result of the meeting the members of the Foundation made the following decisions as to the future financing of projects.

There was a general consensus amongst the members that the 1983/4 budget for the following 7 on-going projects (not in any order of priority):

1. Law Libraries
2. Continuing Legal Education
3. College of Law
4. Public Legal Education
5. Law Reform Commission
6. Canadian Bar Review
7. Canadian Law Information Council

must not be in excess of approximately $850,000.00, with a further $50,000.00 for other projects. This would result in an anticipated deficit of approximately $200,000.00 which would be drawn from the reserve fund. It was also the general consensus that in fiscal 1984/5, the Foundation should not make grants in excess of the Foundation's net income plus $200,000.00 to be drawn from the reserve fund. This would mean, on the basis of anticipated income, a reduction on average of not less than 10% of the amounts granted to the on-going projects last year.

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The Foundation paid out $1,242,813 and authorized $1,195,655 (Schedule "3") in grants for the year. Total grants authorized and unpaid at the end of the year was $675,521 (Schedule "2"). As a result the balance of the Unallocated revenue was $8,542 and the Reserve Account stood at $890,000 at the 30th June 1983, as reflected in the Balance Sheet.

The Foundation derives its income from the interest earned on Lawyers' Mixed Trust Accounts. The interest rates offered to us are approximately 5% below the prevailing prime rates. There has been some activity by other Law Foundations to negotiate improved rates and terms, but to date none have been successful. The Saskatchewan Law Foundation monitors these activities and will take action whenever there is improvement elsewhere. Our interest income fell to $950,000 for 1983 and we anticipate a further decline in 1984 to approximately $700,000 with the prime rate remaining in the area of 11%. The Administration costs of the Foundation during the past fiscal year were 7.2% of its gross income compared to 4.6% in 1981. The day to day operations of the Foundation are handled by our Secretary, Mr. H. Robert Arscott, C.A., of the firm Arscott & Partners, Regina, on a fee for service basis.

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The Foundation's continuing annual commitments were to the following programs in our last fiscal year:

Court House Libraries	$400,000
Public Legal Education	225,000
Director of Continuing Legal Education	75,000
Law Reform Commission	60,000
Canadian Law Information Council	37,500
College of Law Annual Grant	30,000
College of Law Endowment Fund	10,000
Saskatoon Sexual Assault Centre	5,500
Canadian Bar Review	7,000
Saskatchewan Elocution and Debate Association	3,000
	$853,000

The Board met for day-long meetings four times during the year. The December and June meetings were held in Saskatoon. The Honorable Mr. J. Gary Lane, Attorney General of Saskatchewan, attended the September meeting. H. H. Dahlem, Q.C., attended the September 1983 meeting of the Canadian Law Foundations in Quebec as representative of the Saskatchewan Law Foundation.

Mr. Dahlem reported the Quebec meeting resulted in a very lengthy discussion as to the significant drop in revenues for 1983 experienced by all the Canadian Foundations and the real concern that should this trend continue or accelerate that it would greatly restrict their future activities.

The members of the Foundation are much concerned with the trend towards significantly reduced revenue being experienced in Saskatchewan and with other Foundations because of reduced interest rates. The activities in 1983-84 will be to carefully scrutinize all new grant applications as well as monitoring the ongoing ones in order to assist in easing the adjustments in funding necessitated by reduced revenues.

The members of the Foundation believe they have conscientiously performed their duties and responsibilities in the administering of the Foundation's affairs in such a manner as to best serve the people of the Province.

For your information, we attach a copy of a notice which the Foundation recently caused to be sent to all practising members of the Law Society of Saskatchewan.

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ALL OF WHICH IS RESPECTIVELY SUBMITTED.

Dated at the City of Regina, in the Province of Saskatchewan, this 21st day of November A.D., 1983.

THE LAW FOUNDATION

Donald K. MacPherson, Q.C.
Chairman

There is attached a list of persons who are presently members of the Foundation.

LAW FOUNDATION MEMBERS

Donald K. MacPherson, Q.C. Regina, Saskatchewan	Appointed by the Law Society of Saskatchewan
Mr. J. Gordon, Wicijowski, F.C.A. Regina, Saskatchewan	Appointed by the Attorney General
H. M. Ketcheson, Q.C. Regina, Saskatchewan	Appointed by the Attorney General
Mr. D. S. McKercher, Q.C. Saskatoon, Saskatchewan	Appointed by the Law Society of Saskatchewan
Mr. H. H. Dahlem, Q.C. Saskatoon, Saskatchewan	Appointed by the Attorney General
Mr. G. D. Hill, Q.C. Estevan, Saskatchewan	Appointed by the Law Society of Saskatchewan
Dean D. R. Ish Saskatoon, Saskatchewan	Appointed by the Law Society of Saskatchewan

REPORT OF THE LAW FOUNDATION

TO MEMBERS OF THE LAW SOCIETY OF SASKATCHEWAN

The members of the Law Foundation have instructed me to make this report to you in order to emphasize the importance of the Law Foundation to the lawyers of Saskatchewan.

The Law Foundation has been in operation for 10 years, and it has received almost its entire income from interest paid by banks on Lawyers' Mixed Trust Accounts, with the remainder from interest earned on investment of unexpended funds. During our short history, we have had a total income of approximately $7,000,000.00, with 40% of that income coming in the years 1981 and 1982, when interest rates were very high. The impact of interest rates on the Foundation's income can be shown by two illustrations:

(a) The rapid increase caused our income to increase from $620,000.00 in 1980 to $1,278,000.00 in 1981.

(b) The reduction in interest rates has resulted in our income falling from $1.5 million in 1982 to $940,000.00 in 1983.

We anticipate our 1984 income will be $700,000.00.

Over the years, we have provided financial support for a multitude of projects, large and small, but we feel obligated to continue our support to certain projects which we consider as "on-going" projects. These, and the grant approved to each for 1983, are:

1. Court House Libraries (Law Society of Saskatchewan)	$400,000.00
2. Continuing Legal Education (Law Society of Saskatchewan)	75,000.00
3. Law Reform Commission	60,000.00
4. Public Legal Education Association	225,000.00
5. Canadian Bar Review	7,000.00
6. College of Law	48,000.00
7. Canadian Law Information Council	37,500.00
	$852,500.00

If we continue our grants to the above projects in 1984, in the same amounts as in 1983, then our 1984 expenditures will exceed our income. Please observe that in 1983, 56% of our income was expended on projects of direct benefit to the members of the Law Society, namely, Court House Libraries and Continuing Legal Education.

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As a consequence of the Foundation having established a reserve during the period of high interest rates, we hope that in 1984 we can draw on this reserve so as to maintain grants to the on-going projects without significant reduction. However, if our income continues to fall, the reserve will be gone within 2 to 3 years, and thereafter, there must be a very significant reduction in the grants by the Foundation to these projects.

There are some 1,100 lawyers on the practicing roll of the Law Society, and if the Foundation should be unable to continue its support for these two projects, and if the only alternative was for the members of the Law Society to carry on the support, then, at present levels, the annual fee of each practicing member of the Law Society would be increased by $430.00 per year.

Another matter of grave concern to us in the advance of the age of computerization, in the banks. We are told that the time may soon arrive when the banks' computerized system could develop so that it may no longer be necessary for any lawyer to a mixed trust account. If that time should in fact arrive, then, of course, the Law Foundation will be out of business, and if Court House Libraries and Continuing Legal Education are to be continued at present levels, there may be no alternative but to have the practicing lawyers themselves bear the annual expense.

In the decade of the Foundation's existence, grants totalling $2,200,000.00 have been made to the Court House Libraries, and I think it is fair to say that under the management of our Chief Librarian, Doug MacEllven, we how have one of the best Court House Library systems in this country, and perhaps on this continent. I hope all lawyers will agree that everything possible must be done to ensure that our Court House Library system and our Continuing Legal Education programs must be continued at present levels.

The purpose of this report is to bring to the attention of the members of the Law Society the impact the Law Foundation has had, and will continue to have, on each of them, and to request that that all members of the Law Society, to the extent possible, continue their support for the Foundation.

Donald K. MacPherson, Q.C., Chairman
The Law Foundation of Saskatchewan

October 20, 1983

Deloitte
Haskins+Sells

Chartered Accountants

600 Royal Bank Building
2010 - 11th Avenue
Regina, Saskatchewan S4P 0J3

To the Members of the
Law Foundation:

We have examined the balance sheet of the Law Foundation as at June 30, 1983 and the statement of revenue, expenditures, grants and unallocated revenue for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at June 30, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Auditors

October 7, 1983

LAW FOUNDATION

STATEMENT OF REVENUE, EXPENDITURES, GRANTS AND UNALLOCATED REVENUE

YEAR ENDED JUNE 30, 1983

(with comparative figures for the year ended June 30, 1982)

		1983		1982
REVENUE				
Interest from lawyers' mixed trust accounts		$ 843,120		$1,367,612
Interest earned on investments (Note 2)		107,289		171,212
		950,409		1,538,824
EXPENDITURES				
Administrative				
Foundation members - office overhead	$ 7,470		$ 6,210	
- other	3,444		12,725	
Office, postage, stationery, telephone	4,140		2,564	
Office of the Secretary	47,044		42,093	
Professional fees	6,446	68,544	7,595	71,187
EXCESS OF REVENUE OVER EXPENDITURES		881,865		1,467,637
GRANTS AUTHORIZED IN THE YEAR (Note 3) - Schedule 3		1,195,655		968,922
EXCESS OF (EXPENDITURES OVER REVENUE AND GRANTS) FOR THE YEAR		(313,790)		498,715
UNALLOCATED REVENUE BEGINNING OF YEAR		76,889		49,438
		(236,901)		548,153
ADD				
Grants not used		195,443		28,736
Allocation from (to) reserve account (Note 2)		50,000		(500,000)
UNALLOCATED REVENUE END OF YEAR		$ 8,542		$ 76,889

(See accompanying notes to the financial statements)

LAW FOUNDATION

(Established Under the Legal Profession Act of Saskatchewan)

BALANCE SHEET

JUNE 30, 1983

(with comparative figures at June 30, 1982)

	1983	1982
ASSETS		
Cash and term deposits	$ 152,968	$ 174,319
Interest receivable from solicitors' trust accounts	56,528	45,952
Investments - at cost - Schedule 1	1,238,003	1,425,000
Accrued interest on investments	126,244	168,789
	$1,573,743	$1,814,060
LIABILITIES		
Grants authorized but not paid (Note 3) - Schedule 2	$ 675,521	$ 918,122
Reserve account (Note 2)	889,680	819,049
Unallocated revenue	8,542	76,889
	$1,573,743	$1,814,060

(See accompanying notes to the financial statements)

On behalf of the Foundation

_____ Chairman

_____ Treasurer

LAW FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1983

1. SIGNIFICANT ACCOUNTING POLICY

The financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policy:

Interest

A significant portion of the revenue of the Foundation is interest on trust accounts of the members of the Law Society of Saskatchewan. The Foundation records such interest as revenue on the accrual basis.

Interest on term deposits and investments is recorded on the accrual basis.

2. RESERVE ACCOUNT

The members of the Foundation passed a motion at their meeting of March 1981 to create a Reserve Account from Unallocated Revenue in such amounts as shall be determined from time to time. The reserve established will be available in the future as a protection on the funding of ongoing projects against any possible decline in the high interest rates or reduced trust account activity.

The interest on the reserve investments was added to the reserve on a motion passed in September 1982. This was discontinued on a motion passed in June 1983 and as of July 1, 1983, all interest on investments is to be taken into general revenue.

	1983	1982
Balance, beginning of year	$ 819,049	$ 275,000
Add - interest earned on investments	120,631	44,049
- allocated (to) from general revenue	(50,000)	500,000
Balance, end of year	$ 889,680	$ 819,049

3. GRANTS AUTHORIZED BUT NOT PAID

Grants authorized but not paid, beginning of year	$ 918,122
Add: Grants authorized in the year payable out of revenue on hand - Schedule 3	1,195,655
	2,113,777
Deduct: Grants paid during the year	1,242,813
Grants not used	195,443
Grants authorized but not paid, end of year - Schedule 2	$ 675,521

SCHEDULE 1

LAW FOUNDATION

SCHEDULE OF INVESTMENTS

JUNE 30, 1983

	Date Due	Interest Rate	Amount
General Investments			
Metro Trust	22/12/83	10 1/2%	$ 150,000
Morgan Trust	15/01/84	17 %	50,000
Standard Trust	15/01/84	17 1/4%	50,000
C.I.B.C. Debenture	15/06/84	10.1 %	100,000
Reserve Investments			
Credit Foncier	03/07/83	17 1/4%	125,000
Pacific Western Trust	17/12/83	12 %	100,000
Saskatchewan Trust	17/12/83	12 %	100,000
Morgan Trust	04/04/84	10 %	98,700
Nova Scotia Savings and Loan	15/05/84	17 %	100,000
Yorkshire Trust	19/05/84	17 1/8%	100,000
Morguard Home Mortgage	26/05/84	10 %	100,000
Guaranty Trust	12/11/84	18 %	75,000
Northland Bank	02/08/83	8 3/4%	75,000
Toronto Dominion Bank	02/08/83	7 %	14,303
			$1,238,003

SCHEDULE 2

LAW FOUNDATION

SCHEDULE OF GRANTS AUTHORIZED BUT NOT PAID

JUNE 30, 1983

Book - Saskatchewan Business Corporations Act	$ 2,412
Queen's Bench Rules Revision	33,000
Foundation for Legal Research - Louis St. Laurent Fellowship in Legal Journalism	5,000
Law Reform Commission	
General Grant	40,000
The Coroners Act Review	1,209
Public Legal Education Association	56,000
Director of Continuing Legal Education	35,000
Court House Libraries	185,000
Annotated Rules of Court	99,400
Canadian Mental Health Monograph	3,000
Court of Appeal Rules Revision	65,000
Canadian Bar Foundation	15,000
Specialization in the Legal Profession	7,000
Saskatoon Sexual Assault and Information Centre	5,500
Saskatchewan Elocution and Debate Association	3,000
College of Law - Endowment Fund	120,000
	$ 675,521

SCHEDULE 3

LAW FOUNDATION

SCHEDULE OF GRANTS AUTHORIZED

YEAR ENDED JUNE 30, 1983

Law Reform Commission	
General Grant	$ 40,000
The Corners Act Revision	4,200
Matrimonial Property Act Review	7,108
Public Legal Education Association	225,000
Canadian Law Information Council	37,500
Reform of the Constitution - Romanow and White	21,500
Canadian Bar Review	7,000
Director of Continuing Legal Education	75,000
Court House Libraries	400,000
College of Law - Annual Grant	30,000
Canadian Human Rights Conference	1,000
Annotated Rules of Court	105,500
Saskatoon Society for Protection of Children	500
Canadian Mental Health Monograph	3,000
Court of Appeal Rules Revision	65,000
Canadian Bar Foundation	15,000
Specialization in the Legal Profession	7,000
University of Saskatchewan - College of Law	
Special Capital Grant	22,847
Saskatoon Sexual Assault and Information Centre	5,500
Saskatchewan Elocution and Debate Association	3,000
College of Law - Endowment Fund	120,000
	$1,195,655

POOR

QUALITY

ORIGINAL